

Message Text

LIMITED OFFICIAL USE

PAGE 01 SEOUL 06687 310705Z
ACTION L-03

INFO OCT-01 EA-10 ISO-00 EB-08 TRSE-00 /022 W
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FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 2602

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E.O. 11652: N/A
TAGS: ETRN
SUBJECT: TAXATION OF INSTRUMENTS OF FOREIGN COMMERCE

REF: STATE 191803

1. ARTICLE ELEVEN PARAGRAPH ONE OF THE VALUE ADDED TAX LAW PROVIDES FOR A ZERO TAX RATE TO THE SUPPLY OF GOODS AND SERVICES FOR "(3) INTERNATIONAL NAVIGATION SERVICES OF SHIPS OR AIRCRAFT". THIS IS QUALIFIED, HOWEVER, UNDER PARAGRAPH TWO TO APPLY TO NON-RESIDENT OR FOREIGN CORPORATIONS "IF THE FOREIGN COUNTRY GRANTS THE SAME TAX EXEMPTION TO RESIDENTS OR DOMESTIC CORPORATIONS OF THE REPUBLIC OF KOREA IN THAT COUNTRY".

2. ARTICLE TWENTY-FIVE OF THE VAT ENFORCEMENT DECREE AMPLIFIES THE ABOVE ARTICLE ELEVEN BY NOTING INTERNATIONAL NAVIGATION SERVICES INCLUDE "SUPPLY OF GOODS OR SERVICES MADE BY A INTERNATIONAL NAVIGATION BUSINESSMAN INCIDENTALLY TO HIS BUSINESS..."

3. THE ONLY OTHER "IMPORTANT" TAX BESIDES INCOME TAX TO WHICH A FOREIGN CARRIER MAY BE SUBJECTED WOULD BE THE DEFENSE SURTAX LEVIED ON INCOME AND CORPORATION TAXES. THIS SURTAX IS WAIVED IF RECIPROCAL TREATMENT IS ACCORDED TO KOREAN CORPORATIONS OR BUSINESSES.

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4. OTHER LOCAL AND SUNDRY TAXES AS RESIDENT TAX, PROPERTY TAX ON LAND AND RESIDENCES, AUTOMOBILE TAX, TELEPHONE TAX, ETC. DO NOT APPEAR GERMANE TO THIS USSE.
GLEYSTEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
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Concepts: CARGO, INSTRUMENTS, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 31 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Original Classification: LIMITED OFFICIAL USE
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